

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 1533
Version: First engrossment

DATE: May 9, 2011

Authors: Peppin

Subject: Campaign Finance

Analyst: Matt Gehring, 651-296-5052

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Overview

This bill makes a number of miscellaneous changes and clarifications to campaign finance law, including the addition of ballot question political committees and funds as explicitly regulated entities, and increasing certain threshold limits for requiring registration and reporting with the Campaign Finance and Public Disclosure Board.

- 1** **Ballot question political committee.** Establishes a definition in campaign finance law for the term "ballot question political committee." Disclosure requirements and other regulations affecting these committees are enacted later in the bill.
- 2** **Ballot question political fund.** Establishes a definition in campaign finance law for the term "ballot question political fund." Disclosure requirements and other regulations affecting these funds are enacted later in the bill.
- 3** **Documents; information.** Modifies requirements for document review by the executive director of the Campaign Finance and Public Disclosure Board to reflect added jurisdiction of the board established in section 5 of the bill.
- 4** **Audits and investigations.** Permits the board to impose statutory civil penalties and to issue orders for compliance, and establishes conforming changes related to the added jurisdiction of the board established in section 5 of the bill.

Allowances for imposition of civil penalties in specific circumstances is already provided for in various sections of chapter 10A. The board is also permitted to seek injunctive relief in district court to enforce these laws.

- 5** **Violations; enforcement.** Adds to the board's enforcement jurisdiction certain provisions of the fair campaign practices act. Specifically, the board would be permitted to investigate alleged violations of:

(1) the law requiring a source disclaimer to appear on campaign materials (211B.04);

(2) the law regulating the use and expenditure of money collected for political purposes (211B.12);
and

(3) the law regulating corporate political contributions, expenditures, and activities (211B.15).

- 6** **Advisory opinions.** Provides that an advisory opinion may only be requested by an individual or association that is subject to chapter 10A.

This section also contains a conforming reference to reflect the expanded jurisdiction of the board established in section 5 of the bill: the board is permitted to issue advisory opinions on matters within the scope of its new jurisdiction.

- 7** **Rules.** Provides a conforming reference to reflect the expanded jurisdiction of the board established in section 5 of the bill: the board is permitted to adopt rules to enforce the provisions newly within its jurisdiction.

- 8** **Single committee; principal campaign committees.** Increases the threshold for requiring establishment of a principal campaign committee. Currently, a candidate is not permitted to accept a contribution of more than \$100 unless a principal campaign committee is formed. This section would permit a candidate to accept contributions of up to \$250 before a principal campaign committee must be formed.

- 9** **When a political fund is required.** Increases the threshold for requiring that contributions or expenditures of an association other than an organized political committee or party unit be made only through a political fund.

Current law requires a political fund to be used if the contribution is greater than \$100, or if any independent expenditure or expenditure to promote or defeat a ballot question is to be made. This section sets the threshold for use of a political committee at \$250 for either a contribution or an approved expenditure.

- 10** **When a political fund is required; independent expenditures or ballot questions.** Increases the threshold requiring use of an independent expenditure or ballot question political fund.

Current law requires use of an independent expenditure political fund if the expenditure is to be in excess of \$100. This section sets the threshold at \$1,000 and adds a new threshold requirement for use of a ballot question political fund, also for expenditures that exceed \$1,000.

- 11** **Commingling prohibited.** Provides that the prohibition on commingling funds is not violated in certain situations where an association uses funds directly from its own general treasury money to make expenditures or disbursements, as long as the expenditure or disbursement is a permissible use of funds by the association as allowed by law. These permissible uses are further modified in section 13 of the bill.

- 12** **Permitted disbursements.** Amends the list of permissible disbursements by independent expenditure political committees, and adds references to ballot question political committees and funds.

Newly established permissible uses include: making independent expenditures; making expenditures to promote or defeat a ballot questions; returning contribution to its source; and recording bookkeeping entries transferring an association's general treasury money back to the general treasury, if it had been allocated for the use of the political committee or fund.

- 13** **First registration.** Increases the threshold for an entity subject to chapter 10A to be required to file with the campaign finance and public disclosure board. Currently, initial registration is required upon receipt of a contribution or making a contribution or expenditure in excess of \$100. The threshold is increased to \$250.

This section also exempts ballot question and independent expenditure political committees and funds from these registration requirements. Those entities are subject to new registration requirements and

thresholds established in section 15 of the bill.

- 14 Independent expenditure and ballot question political committees and funds; first registration and reporting.** Establishes an initial registration with the board structure for independent expenditure and ballot question political committees and funds. These entities would be required to register with the board within 14 days of engaging in certain transactions, specified in the bill, that in the aggregate amount to more than \$1,000 in a calendar year.

Expenditures or contributions that require registration under this section must appear in a regular disclosure report to the board.

- 15 First filing; campaign finance reports.** Modifies the threshold for requiring a first campaign report with the board; the \$100 threshold is eliminated, replaced with a cross-reference to the threshold for requiring registration of the entity with the board.
- 16 Time for filing.** Clarifies that a report required 10 days before a general election is only required for a principal campaign committee if the candidate's name will appear on the ballot at that election.
- 17 Contents of report.** Clarifies that a campaign report filed by an entity only is required to include those items listed in the law that are applicable to that entity. The board is required to create forms with instructions to indicate what items are required for each type of regulated entity.
- 18 Period of report.** Requires the campaign report due on January 31 of each year to cover all activity from January 1 to December 31 of the reporting year. Current law only requires this report to cover activity from the last day covered by a previously-filed report, through December 31.
- 19 Preelection reports.** Modifies certain threshold limits for reporting from "\$... or more" to "more than \$..."

These changes conform this section to other similar threshold requirements in chapter 10A, which provide requirements if dollar values are "in excess" of a specified number.

- 20 Reports by candidates with no committee.** Increases the threshold for campaign expenditures that require filing a report with the board, for candidates who does not form a principal campaign committee. Currently, a report is required upon an expenditure of more than \$100. This section increases the threshold to \$250.

This section also eliminates references to ballot question campaigns and individuals making independent expenditures. These activities are covered by other sections of law, including a new reporting requirement established in section 22 of the bill.

- 21 Report by individual making independent expenditures or expenditures related to a ballot question.** Requires individuals making independent expenditures that in the aggregate amount to more than \$1,000 in a calendar year, or expenditures to promote or defeat a ballot question that amount to more than \$1,000 in a calendar year to file a campaign report to the board. The report is due on the date the next set of reports by political committees and political funds would be due.
- 22 Failure to file; penalty.** Eliminates the grace periods provided for in law before the board may impose a fee for failure to file a campaign report on time.
- 23 Termination of registration of a political fund.** Permits an association that uses only general treasury money to make independent expenditures or expenditures to promote or defeat a ballot question to terminate its registration of a political fund at any time after the association has filed any required campaign reports.

This section exempts these associations from other requirements in law for termination, including

settling all debts and disposal of certain assets.

- 24 Contributions of business revenue.** Permits an association to contribute revenue from a business operation to ballot question political committees and funds.
- 25 Contributions of dues or contribution revenue.** Provides conforming references to reflect the establishment of ballot question political committees and funds, in the section of law regulating contributions made to independent expenditure or ballot question committees and funds using membership dues or fees or other donations received by an association.
- This section also includes a modification of certain threshold limits from "\$.... or more" to "more than \$...."
- 26 Distribution of general account.** Eliminates a requirement that a candidate spend at least half of the public subsidy money distributed by the board to that candidate before the end of the final reporting period preceding the general election, including a requirement that certain amounts be repaid if the spending requirement is not met.
- This section also clarifies a reference in the law related to distribution of tax check-off funds to reflect the change in the date of the state primary.
- 27 Special elections subsidy.** Requires establishment of a special elections account in the state elections campaign fund.
- 28 Repealer.** Repeals the following sections of administrative rule:
- 4501.0500, subpart 2, item A:* providing that a fax or electronic file received after the close of a business day is considered received the next business day
- 4503.0200, subpart 6:* regulating the types of bank accounts that must be established before a political committee or fund may register with the board.
- 4503.0500, subpart 8:* providing a method for calculating the value of automobile use by an individual on behalf of a committee.
- 4503.1700:* permitting a required 48-hour report to be filed by fax.
- 4512.0100, subparts 2 and 4:* establishing definitions of "field of specialty" and "individual services."